

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7281

BILL NUMBER: HB 1389

NOTE PREPARED: Jan 18, 2004

BILL AMENDED:

SUBJECT: Tax abatement property tax replacement.

FIRST AUTHOR: Rep. Van Haaften

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides an additional property tax replacement credit against township levies to a taxpayer in a municipal taxing district in which the assessed valuation subject to tax abatement is proportionally greater than the average assessed valuation (weighted for the relative taxable assessed value) subject to tax abatement in other taxing districts in a municipality. The bill imposes a levy to replace the revenue lost due to the credit in each municipal taxing district in which the assessed valuation subject to tax abatement is proportionally less than the average assessed valuation subject to tax abatement.

Effective Date: July 1, 2004.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under this proposal, a taxpayer in a taxing district with a percentage of tax abatements and Enterprise Zone inventory credits greater than the county average would receive and additional property tax replacement credit against township levies and a taxpayer in a taxing district with a percentage less than the county average would have an increase township levies. The bill could shift the impact of current abatements from one taxing district to another in the county. The amount of the shift is unknown. Total abatements in 2002 amounted to \$5.5 B in assessed value, representing a net tax dollar amount of \$168 M.

This provision would apply to property taxes due and payable after December 31, 2004.

State Agencies Affected:

Local Agencies Affected: Townships, County Auditors.

Information Sources:

Fiscal Analyst: Chuck Mayfield, 317-232-4825